

### **Heads of risk management ushered into executive committees (Translated by Crédit Agricole CIB)**

By Sophie Gauvent, February 18, 2010

Out of the shadows, into the spotlight...their technical backgrounds and experience across business lines are propelling these managers to newfound status.

It is a powerful signal of the post-crisis period: many heads of risk management are being invited to join their banks' executive committees. At Crédit Agricole CIB (CA CIB, formerly Calyon), Daniel Puyo joined the executive committee back in mid-2008, along with heads of other key support functions. Earlier, the group was the exclusive precinct of top management and heads of sales. Puyo, 53, was appointed Head of Risk and Permanent Control in early 2008 and the scope of his responsibilities has been growing ever since: "Partly due to regulation and partly due to the firm's desire to improve its risk management, the scope for intervention in risks has been broadened, for example, to liquidity risk." This manager has also beefed up his staff, particularly in market and counterparty risks in trading. But just who are these heads of risk management? "Nowadays, the typical risk head is a senior executive whose career shows a strong technical bent as well as diversified experience," observes Denis Marcadet, founder and President of executive search firm Vendôme Associés. The description sums up Jacques Beyssade, 46, appointed head of Risk Management at Natixis in 2009. Before turning his attention to risk at Natixis in 2008, the HEC graduate gained broad experience, including running Calyon's Asia-Pacific Capital Markets division.

Another highly varied career path is that of Benoît Ottenwaelter, 54, who became head of Risk Management at Société Générale Group in 2009. This Polytechnique and ENSAE (Ecole Nationale de la Statistique et de l'Administration Economique) graduate has held varied jobs, including support functions and operational posts in France and other countries. These 2009 appointments follow the pattern at BNP Paribas, where Michel Konczaty, 58, has been head of Risk Management since 2005 after a very cross-disciplinary previous career. Daniel Puyo, described by Eric Singer, founding partner of recruitment specialists Singer & Hamilton as "a highly respected professional," has also performed many jobs before choosing the risks function in 1999. But among his colleagues, he stands out for his training: an MBA, while most of his opposite numbers have come from France's *grandes écoles*. His career path proves that when it comes to managing risk, experience and skill trump diplomas.

#### The "Kerviel effect"

Long considered corporate gadflies created to annoy salespeople, heads of risk are now the darlings of banks everywhere. The crisis tossed them into prominence, and then came measures that bestowed more powers on their function. But the Kerviel affair gave a special boost to the "risks" role at banks. Before Kerviel, it was, like back-office and compliance management, considered a "support function" at banks, which added to their capabilities in this area after the trader shook their world. In that environment, compensation for heads of risk management made great strides: "It has jumped 30% since 2007," estimates Tania Petersen, a partner at executive search firm CT Partners. Base salaries for heads of risk management range from €140,000 to €300,000 (or even €400,000), and variable compensation averages 40% of base (and may be as high as 100%). "Bonus should not depend on the performance of the business lines under supervision, according to the decree of November 5, 2009", says Eric Singer. "The function is now better defined."

© 2010 L'Agefi - Hebdo. All rights reserved.

Use of this document is subject to international copyright law and is subject to specific authorization, which must be granted for any reproduction or transmission to the public via the internet.